

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

CASE CLOSURES UNDER
ENFORCEMENT PRIORITY SYSTEM

2003 JAN 27 A 10 09

SENSITIVE

GENERAL COUNSEL'S REPORT

I. INTRODUCTION

The cases listed below have been evaluated under the Enforcement Priority System ("EPS") and identified as either low priority or potential ADR transfers. This report recommends that the Commission no longer pursue the cases cited in section II

II. CASES RECOMMENDED FOR CLOSURE

**Cases Not Warranting Further Action Relative to Other Cases
Pending Before the Commission**

EPS was created to identify pending cases that, due to the length of their pendency in inactive status or the lower priority of the issues raised in the matters relative to others presently pending before the Commission, do not warrant further expenditures of resources. Central Enforcement Docket ("CED") evaluates each incoming matter using Commission-approved criteria that result in a numerical rating for each case.

We have identified cases which this Office recommends be
closed.²

IV. RECOMMENDATIONS

OGC recommends that the Commission exercise its prosecutorial discretion and close
the cases listed below effective two weeks from the date the Commission votes on the

² The cases recommended for closure are: MUR 5255 (*Roy Brown for Congress*); MUR 5256R (*Allied Pilots Association PAC*); MUR 5271 (*A Whole Lot of People for Grijalva Congressional Committee*); MUR 5280 (*Bundguard for Congress*); MUR 5284 (*Moran for Congress*); MUR 5289 (*Friends of the Rouge & Friends of the Detroit River*); and MUR 5301 (*Charlotte Reeves for US Congress*).

- 1 recommendations. Closing these cases as of this date will allow CED and the Legal Review
2 Team the necessary time to prepare closing letters and case files for the public record.
3 Take no action, close the file effective two weeks from the date of the Commission
4 vote, and approve the appropriate letters in:

- | | | |
|-------------|--------------|-------------|
| 1. MUR 5255 | 2. MUR 5256R | 3. MUR 5271 |
| 4. MUR 5280 | 5. MUR 5284 | 6. MUR 5289 |
| 7. MUR 5301 | | |

Lawrence H. Norton
General Counsel

1/24/23
Date

BY:

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5 MUR 5284
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7 **Complainant:** Kenneth F. Boehm
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Respondents: MBNA Corporation
Honorable James P. Moran, Jr.
Moran for Congress and
H. Robert Morrison, Treasurer

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10 **Allegations:** Complainant, Kenneth Boehm, Chair of the National Legal and Policy
11 Center, alleges that Representative James Moran received, in exchange for providing
12 legislative support that was critical to the financial interests of MBNA, a \$447,500 home
13 refinancing loan in January 1998 from MBNA, which was not based on MBNA's
14 customary practices. Specifically, the reasons cited in the complaint included: the interest
15 rate was below that provided to other borrowers, Representative Moran had insufficient
16 collateral to secure the loan, his financial position did not justify the loan (his debt total
17 was close to \$700,000), and MBNA inflated the appraisal. According to the complainant,
18 Representative Moran was a candidate for federal office during the time of the loan
19 application and, therefore, the loan provided by MBNA constituted a prohibited
20 contribution.

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22 **Responses:** MBNA responded that the mortgage loan process was initiated as a result of
23 routine MBNA credit card and consumer loan collection activity via a telephone call
24 between MBNA and a Moran representative. The reasons cited for the loan to
25 Representative Moran included: to consolidate all of Representative Moran's debts
26 (including the outstanding unsecured credit card and consumer loan debt to MBNA), to
27 secure moneys owed to MBNA, and to reduce the Morans' monthly debt payments by
28 using interest rates on mortgages, which were lower than credit card interest rates. There
29 were two mortgage loans, one for \$357,500 and the other for \$90,000. Both loans carried
30 a 10.5% interest rate and were subject to written promissory notes. The conforming
31 interest rate at that time was 7%. Representative Moran paid a higher rate of interest
32 because of his credit history. The Morans' residential property and adjacent vacant lot
33 were secured by mortgages. An independent appraiser issued an appraisal on these
34 properties to MBNA on November 28, 1997, for \$335,000 (residential property) and
35 \$268,000 at a quick-sale value. The lot appraised for \$125,000. MBNA took security in
36 the Morans' properties, and went from an unsecured creditor to a secured creditor. None
37 of the funds from the mortgages were paid directly to the Morans. Moreover, the loans
38 were not made in connection with Representative Moran's congressional campaign. The
39 loans were made in accordance with all applicable laws.
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41 The Honorable James P. Moran, Jr.; Moran for Congress and its treasurer, H. Robert
42 Morrison; responded that none of the proceeds from the Morans' 1998 home mortgage

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1 were used in connection with Representative Moran's congressional campaign or for any
2 political purpose. Additionally, Moran for Congress did not receive any funds from
3 Representative Moran during the 1998 or 2000 election cycles.
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8 This matter is less significant relative to other matters pending before the Commission.
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